Inside Iran's Fractured Regime

By Abbas Milani and Michael McFaul
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For weeks, Supreme Leader Ayatollah Ali Khamenei has insisted that there are no fissures in the Iranian regime. Any allegations of such tensions are simply part of a U.S. propaganda war against Tehran, he declared. But then last Monday, at what was billed as a "unity lunch," Khamenei asked 28 of the country's most powerful leaders -- mostly mullahs -- to put aside their differences and coalesce around a single cause: preserving the system.

Something is clearly rotten in the state of Iran, and effective U.S. policy can be based only on a clear understanding of the competing factions, intense rivalries and shifting balance of power in the regime. Today, there are four main factions struggling for control in the Islamic republic:

The Revolutionary Guard and the Basij. Since the regime is deeply isolated from -- if not despised by -- the people of Iran, the Revolutionary Guard and the Basij, a paramilitary force within the Guard corps, are key, along with the intelligence agencies, to its survival. Recently, these groups -- the regime's "muscle" -- have attempted to expand their power. They achieved this in the parliamentary elections of 2005, when more than 100 officers found their way to seats in the Majlis.

But their most crucial power grab was the election of Mahmoud Ahmadinejad as president later that year. As one Guard commander, now an influential member of the cabinet, said, the Ahmadinejad presidency was not an accident, but the result of two years of multilayered, sophisticated strategy. The predominance of the Revolutionary Guard in the new administration -- among governors, ministers and undersecretaries of the cabinet and in the diplomatic corps -- is a clear indication of the Guard's newfound power.

The Guard is now a veritable state within the state; it has its own intelligence agency and prisons, three universities where it dispenses doctoral degrees in "strategic studies" and its own think tanks. It even has its own ports of entry to bring in commodities without paying any tariffs.

Recently, Tehran newspapers announced that a no-bid contract for more than $1 billion for the construction of gas and oil pipelines would go to a company operated by the Guard. The same company had won a multibillion-dollar contract to expand Tehran's subway system. Around the same time, another paper reported that $6 billion in oil revenue had disappeared from accounts controlled by the Guard.
The supreme leader and his followers. Unelected and unanswerable to the people, the supreme leader is by law given a disproportionate and despotic share of power. When Ayatollah Ruhollah Khomeini held the office, his religious authority, personal charisma and self-assertive style limited the power of competing centers. But Khamenei has none of the assets of his predecessor. He was appointed to the post in 1989 only after the constitution was changed to allow the junior cleric to assume absolute power.

Khamenei has had to keep the various factions both happy and in competition so that no one group becomes powerful enough to dominate the others or to obviate his own position. In this effort, he is relying increasingly on his son, a small coterie of aides and the parliamentary speaker, Hadad Adel, a relative by marriage.

In the last presidential election, Khamenei helped arrange Ahmadinejad's victory, hoping to head off the challenge by former president Ali Akbar Hashemi Rafsanjani, who had hinted that he would curtail the powers of the supreme leader if elected. Khamenei was said to be looking for a "chief of staff," but he got more than he bargained for, not only because the new president has been serious about his populism but because of Ahmadinejad's support from the Guard.

Ayatollah Mohammad Yazdi and his followers. This cantankerous ayatollah, who counts Ahmadinejad among his spiritual followers, controls at least three "research centers" and a seminary in the city of Qom, Iran's theological center. He is unabashed in his defense of despotism. He declares that democracy is incompatible with an Islamic government, in which legitimacy is divinely bestowed, and the people are "only aids to the ruler" and not the source of his authority.

Despite a cloudy past, he has a considerable following among the Guard and is clearly being groomed as a possible successor to Khamenei. This fall's elections for the Assembly of Experts -- clergy who choose the supreme leader -- have become the locus of conflict among the various warring factions. The clergy are already skirmishing openly over who may run for the assembly and who may vet the candidate list.

The "realists." A considerable number of current and former high-ranking officials -- including former heads of the intelligence agencies, former president Mohammad Khatami and Iran's lead nuclear negotiator, Ali Larijani -- believe that the Islamic republic must take a more conciliatory attitude toward the West and try to reach an accord. Some in this group have even advocated a halt to the uranium enrichment program. According to Akbar Ganji, Iran's leading dissident, even Rafsanjani has recently advocated this view. This group should not be labeled "moderates" or "reformers," but they see Ahmadinejad's policies as a threat to both Iran's and their own personal interests.

Negotiating with such a fractured regime will be a delicate balancing act. The United States is handicapped in its ability to appraise the Iranian situation by having no embassy in Tehran, as well as by a lack of domestic experts. Policymakers have relied instead on
the views of the viscerally anti-regime exile community, whose perspective happens to fit nicely with the disposition of many in the administration.

But it is critical for the United States to recognize that none of the ruling Iranian factions seems keen on confrontation. The real fight is over who will get the credit for normalizing ties with Washington -- and thus augment their power.

More crucially, the administration must be uncompromising in its support for Iranian democrats. The regime is trying to sell the Iranian people the idea that the United States, like Europe in the past and China and Russia today, is willing to sacrifice their democratic aspirations. Washington must combine direct negotiations -- admittedly long overdue -- with an unambiguous message to the people of Iran that the United States is not ready to legitimize a system in which only the select few hold power.

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